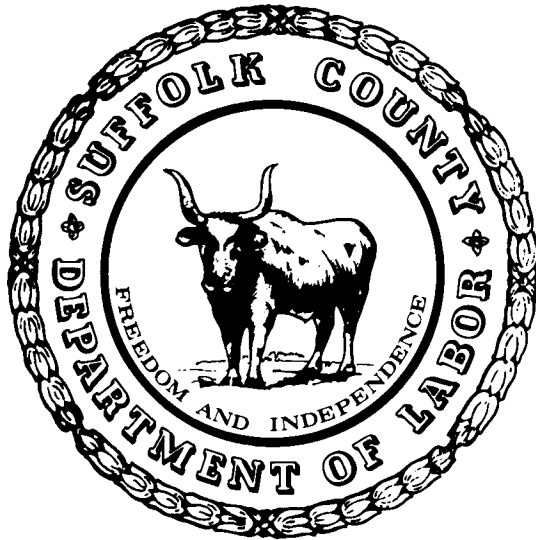


**SUFFOLK COUNTY
DEPARTMENT OF LABOR**

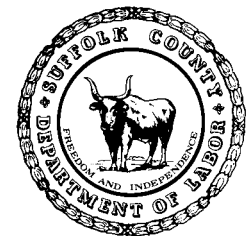
**SUFFOLK COUNTY
WORKFORCE INVESTMENT BOARD**

COST BENEFIT ANALYSIS
July 2002 - June 2003



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Steve Levy
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Robert W. Dow, Jr.
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Rita A. DiStefano
Workforce Investment Board Chair

Across the nation, One-Stop Employment Centers and a network of partner agencies administer programs designed to meet the training and employment needs of the American workforce. Every year funds are committed to successfully operate these programs. Locally, the Suffolk County Department of Labor (SCDOL) seeks to provide a maximum return on this investment. This funding allows us to operate a top quality state-certified One-Stop Center in Suffolk County. The programs offered through the George A. Mason Employment Center generate an excellent return for each dollar invested.

To best demonstrate that the programs operated by the SCDOL are meeting their intended goals, an annual self-assessment is conducted to compare program costs to the generated benefits for local job seekers and business. The following material describes the last program year (July 1, 2002 to June 30, 2003).

In spite of tough economic conditions over the past year, Suffolk County reported a decrease in its unemployment rate from 4.3% last year to 4.1% in 2003. While an individual faces hardship and stress following the loss of a job, there is additionally a negative impact on our local economy. Lost wages are not spent, income tax is lost, unemployment insurance must be paid, and eventually public assistance may be required. It is the goal of employment and training programs to reinvest in the available human resources, thus ending the downward cycle.

The SCDOL operates two major training programs for the residents and businesses of Suffolk. The first program is the Workforce Investment Act (WIA), consisting of Adult, Dislocated Worker, and Youth services. WIA provides job training and work experience skills, as well as services such as job search assistance, resume preparation, career counseling, and vocational training to adults, economically disadvantaged youth, and dislocated workers. Services available for local employers include job fairs, featured job postings, referrals of pre-screened job applicants, incumbent worker training, labor mediation, and information about the labor market and available tax credits.

Since the inception of WIA in 2000, the SCDOL was able to place 79% of all adult and dislocated workers into employment immediately upon exiting the program, while many additional customers reported securing employment at a later date. Information provided through the New York State Department of Labor Wage Reporting System indicates that since WIA's initiation, 84% of these Adults and 88% of these Dislocated Workers remained employed one year after leaving or completing the program.

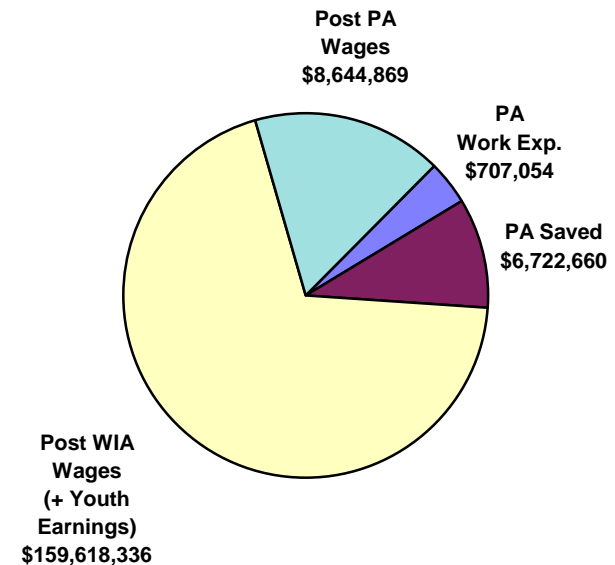
The second program that the SCDOL administers serves individuals receiving Public Assistance. Both the Suffolk Works Employment Program (SWEP) and the Food Stamp Employment and Training Program (FSET) provide employable welfare recipients with job placement assistance and career-oriented skills through work experience and job training. Additionally, working recipients may obtain post-employment services such as vocational skills upgrading, on-the-job training, and mentoring. These benefits assist individuals by improving earnings and aiding along the path to self-sufficiency.

This Cost Benefit Analysis reveals that the SCDOL is operating programs that are both cost effective and an overall benefit to our community. In the last program year, 5,788 people were placed into employment and for every dollar spent a return of \$12.48 was realized.

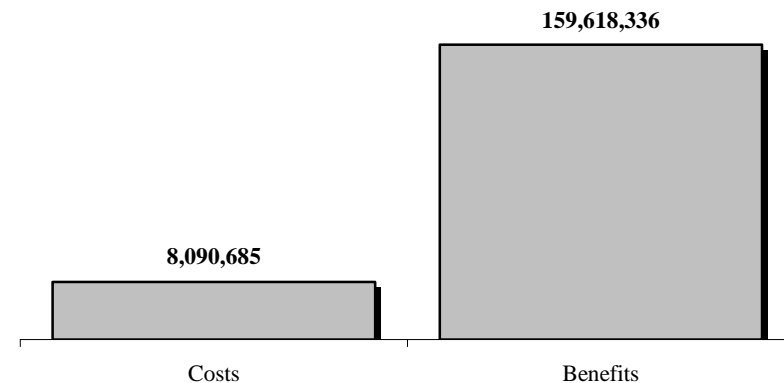
Robert W. Dow, Jr.

Robert W. Dow, Jr., Commissioner of Labor

Source of Benefits



2002/2003 Costs Vs. Benefits



COMBINED WIA/ PUBLIC ASSISTANCE (PA) PROGRAMS

A. Reduction in Welfare Costs

Benefit: \$ 6,722,660

When a public assistance client enters employment or fails to comply with program requirements, a closure or reduction of their grant may be result. Suffolk County achieved substantial savings due to the status changes on these grants. In addition, savings were also realized in the amount paid for medical assistance. The total annualized welfare cost savings was \$6,722,660.

B. Post Training Annualized Earnings of Participants

Benefit: \$ 8,644,869

Over the last year, 820 public assistance clients entered into employment. The wages of these individuals have a positive effect on the local economy, as many of the dollars earned will be spent in our community. Wage and employment data collected following program completion is used to determine the potential annual earnings for the previous year. The post training annualized earnings of public assistance participants who entered employment (other than those already counted in the WIA Program) resulted in a benefit of \$8,644,869.

C. Work Experience Benefits

Benefit: \$ 707,054

An essential component of the SCDOL public assistance employment programs are work experience positions. Participants are assigned to worksites at various public and non-profit agencies to acquire employment skills while working in exchange for their welfare grant. This requirement provides the client additional job experience to bring to a future employer, as well as a valuable community service. Over the last program year, July 1, 2002 to June 30, 2003, the accumulated cost for this labor would have been \$707,054.

Overall Cost: \$ 14,076,402

Overall Benefit: \$ 175,692,918

This study presents the overall benefit of the programs operated by the SCDOL. It should be noted that this analysis does not incorporate the multiplier effect that many economists use when calculating a return on an investment. The data described is based on a one-year return. This return would be increasingly greater when distributed over a period of several years.

I. WIA PROGRAM

Total WIA Cost: \$ 8,090,685

Total WIA Benefit: \$ 159,618,336

A. Adult/Dislocated Worker Post Training Wages Earned

Benefit: \$ 159,502,007

Between July 1, 2002 and June 30, 2003, our WIA Program reported that 2,108 adults and 3,680 dislocated workers had secured unsubsidized employment. According to data released through the New York State Department of Labor Wage Reporting System, 83% or approximately 4,804 of these participants remained employed one year after program completion.

The post-training annualized wages are determined by the utilization of the average weekly earnings of these individuals. This amounts to \$159,502,007.

B. Youth Wages Earned

Benefit: \$ 116,329

Youth Programs provided services for participants between the ages of 14 and 21. These programs offered valuable employment guidance as part of structured, well-supervised paid work experience and internships. These year-round services are designed to not only encourage good work habits, but also to teach specific career-oriented skills necessary in today's workforce. *Continued on Next Page*

B. Youth Wages *Continued from Previous Page*

The youth and their families benefited from the additional income and the local economy profited when their wages were spent in neighborhood business. The value of the work performed by these youth participants is \$116,329.

C. Other Factors

Any conclusions drawn from this analysis must be tempered by the realization that human service programs do not entirely correspond to this type of study. Benefits received by the local community cannot be measured simply by dollars and cents. These positive results include:

1. Upgrading the skills of the local workforce to enable area businesses and the surrounding region to remain competitive; thus keeping jobs in Suffolk County that may have relocated elsewhere.
2. Individuals who no longer rely on Unemployment Insurance Benefits because the WIA Programs placed them into jobs. This provided an additional savings in Unemployment Insurance Benefit payments that are not included in the analysis.
3. Disabled individuals whose employability was enhanced after participating in WIA Programs.
4. Dropouts who returned to school and students who remained in school as a result of participating in the WIA Programs.
5. Youth who receive valuable services and the necessary job skills enabling them to become an integral part of the County's future workforce.
6. Participants who did not gain employment upon completing or leaving the WIA Programs, but gained valuable skills that will assist them in entering the labor market at a later date.

7. Providing an opportunity for employers to access a qualified workforce through outreach efforts, on-site job fairs and extensive in-house resume database.
8. Individuals who were eligible to receive public assistance were diverted into unsubsidized employment as a result of their participation in SWEP and WIA Programs.
9. Thirty-three (33) clients on public assistance received training in the WIA Program. This training contributes to the annualized reduction in public assistance costs reported in Section II.
10. The future earnings and potential upward mobility that accrues from the skills learned under these programs.

II. PUBLIC ASSISTANCE PROGRAMS

Total PA Cost: **\$ 5,985,717**

Total PA Benefit: **\$ 16,074,582**

The partnership between the Suffolk County Departments of Labor and Social Services is a demonstration in productive cooperation designed to provide vital services for those receiving Public Assistance. This collaboration is evident throughout the following employment and training programs.

The Suffolk Works Employment Program (SWEP) provides a variety of employment and training services for individuals receiving public assistance. These services include, but are not limited to, vocational education, work experience, job development, and job placement.

As part of SWEP, the Food Stamp Employment and Training Program (FSET) also provides comparable employment and training services for recipients of food stamps.